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JAN 21 1999

**United States
Department of
Agriculture**

Food and Consumer
Service

Mid-Atlantic Region

Mercer Corporate Park
300 Corporate Boulevard
Robbinsville, N.J. 08691-1598



Date:

Reply to Attention of:

970073 and 980052

Subject:

Maryland Request for Waiver of Section 824 of the
PRWORA

To:

Arthur T. Foley
Director
Program Development Division

Attached is a copy of Maryland's request to extend and modify the subject waivers.
The current waivers will expire on February 28, 1999.

Please let us know if you have any questions.

Sincerely,

Joseph Weingart
JOSEPH WEINGART
Regional Director
Food Stamp Program

Attachments





FAMILY INVESTMENT ADMINISTRATION

January 12, 1999

Mr. Joseph Weingart
Regional Director, Food Stamp Program
Food and Nutrition Service
United States Department of Agriculture
Mercer Corporate Park
300 Corporate Boulevard
Robbinsville NJ 08891-1598

Dear Mr. Weingart:

Attached is Maryland's request to extend the waivers that exempt certain counties from the work requirement for able-bodied adults without dependent children. We are also requesting waivers for additional counties that have low or declining employment to population ratios, lagging or declining job growth, or a job deficit.

Thank you for your consideration of this request. If you have any questions, please contact me at 410-767-7338. You may also call Richard Larson at (410) 767-7150.

Sincerely,

Robert J. Everhard
Executive Director

Attachment

cc: Richard Larson
Larry Pinkett
RESI

WAIVER REQUEST

1

1. **Waiver serial number:** 970073 and 980052
2. **Type of request:** Extension
3. **Primary regulation citation:** Section 6(o) of the Food Stamp Act, as amended by Section 824. of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193)
4. **Secondary regulation citation:** N/A
5. **State:** Maryland
6. **Region:** MARO
7. **Regulatory requirements:** Section 6(o) of the Food Stamp Act, as amended by Section 824 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193), provides that no individual shall be eligible to participate in the Food Stamp Program as a member of any household if, during a 36-month period, the individual received food stamp benefits for not less than 3 months (consecutive or otherwise) during which the individual did not work 20 hours or more per week, as determined by the State agency; participate in and comply with the requirements of a program under Section 20 or a comparable program established by a State or political subdivision of a State; or receive benefits because they were exempt from these requirements. These individuals are known as Able Bodied Adults Without Dependents (ABAWDs).

Section 6(o) of the Food Stamp Act, as amended by Section 824 of PRWORA, also provides that, upon the request of a State agency the Secretary may waive the applicability of the above provision for any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside has an unemployment rate of over 10%, or does not have a sufficient number of jobs to provide employment for the individuals.

8. **Proposed Alternative Procedures:** The State is requesting a waiver under Section 824 for twenty-two jurisdictions. Three of the State's 24 jurisdictions have unemployment rates in excess of 10 percent for the period January 1997 to December 1997 and based on data from the U.S. Department of Labor, six other jurisdictions have been designated as labor surplus areas. The rest of the jurisdictions for which the State is seeking an exemption will encounter difficulty in complying with PRWORA work requirements because of low and/or declining employment to population ratios, inadequate job growth, and competition from Temporary Cash Assistance¹ (formerly AFDC) recipients seeking employment under the work requirements from PRWORA.

¹ The Temporary Cash Assistance program is Maryland's cash assistance program funded by the Temporary Assistance to Needy Families (TANF) block grant, and replaces the Aid to Families with Dependent Children program.

9. **Counties qualifying for a waiver based on unemployment rate in excess of 10%:**

Three counties, Dorchester, Garrett and Worcester, experienced unemployment rates in excess of 10% during calendar year 1997 with rising unemployment in Garrett and Worcester counties for January-July 1998. Dorchester County registered a 10.4% unemployment rate for 1997 dropping slightly to 9.9% for the first half of 1998. Garrett County's unemployment rate for the 1997 period averaged 13.4%, and for the first seven months of calendar year 1998 the unemployment rate remained at a high 11.1%. Worcester County for the 1997 period experienced an unemployment rate of 11.5%, and for the first seven months of 1998 experienced a rate of 11.1%. Based on unemployment rates in excess of 10%, the State is seeking an exemption under Section 824 for Dorchester, Garrett and Worcester Counties.

*Table I: Average Unemployment Rates, 1997 and January-July 1998,
Selected Maryland Counties*

Jurisdiction	Average Unemployment Rate 1997	Average Unemployment Rate Jan. 98-July 98
Dorchester Co.	10.4%	9.9%
Garrett Co.	13.4%	11.1%
Worcester Co.	11.5%	11.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics

10. **Counties qualifying for a waiver because of designation as Labor Surplus Areas:** The U.S. Department of Labor classifies areas that have had persistent high unemployment as labor surplus areas. In order to meet this designation, an area must have a population of at least 25,000 and have experienced unemployment rates at least 20% above the national average for the previous two calendar years.

In Maryland, there are nine jurisdictions that have been designated labor surplus areas by the U.S. Department of Labor. These are Allegany, Cecil, Dorchester, Garrett, Kent, Somerset, and Worcester Counties, and Annapolis and Baltimore Cities. Three of these - Dorchester, Garrett and Worcester Counties- correspond to the 10% unemployment areas listed above, for which Maryland is already requesting a waiver. The State of Maryland requests a waiver for an additional six jurisdictions under Section 824 because they have been designated as labor surplus areas.

Table II: Designated Labor Surplus Areas, Maryland

Jurisdiction	Avg. Unemployment Rate Jan. 96-Dec. 96	Avg. Unemployment Rate Jan. 97-Dec. 97	2-Year Average
Allegany County	8.8%	9.8%	9.0%
Cecil County	9.8%	7.8%	8.8%
Dorchester County	10.5%	10.4%	10.5%
Garrett County	10.5%	13.4%	11.9%
Kent County	7.9%	7.0%	7.5%
Somerset County	9.9%	9.6%	10.3%
Worcester County	10.2%	11.5%	10.9%
Annapolis City	6.9%	6.8%	6.8%
Baltimore City	8.2%	9.3%	8.8%
Avg. U.S. Unemployment Rate plus 20%	6.5%	5.6%	6.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Note: Annapolis City unemployment rates are not seasonally adjusted.

11. **Counties qualifying for a waiver because of insufficient employment:** In thirteen other jurisdictions, the State will meet with serious difficulty in finding job-placements for Food Stamp recipients who are subject to the work requirement. Low or declining employment-to-population ratios, lagging or declining job growth, and competition for job opportunities from Temporary Cash Assistance (formerly AFDC) recipients who are also subject to work requirements are symptomatic of this difficulty.

Low and/or Declining Employment-to-Population Ratio: Five counties displayed declining employment-to-population ratios from 1996 to 1997, and nine of the counties showed average employment-to-population ratios well below the national average of 63% (see Table III). The employment-to-population ratios were calculated from population data supplied by the Maryland Office of Planning and the U.S. Bureau of the Census and total non-agricultural employment data from the Bureau of Labor Statistics.² Total non-agricultural employment in each county in 1996:Q3 was divided by the working-age population (ages 15-64) in each county to arrive at the employment-to-population ratio in 1996. This calculation was repeated with 1997:Q3 total non-agricultural employment data for each county to arrive at the employment-to-population ratio for 1997. Then the employment-to-population ratio for 1996 was compared to the employment-to-population ratio for 1997 to derive the change in the ratio.

² Employment data are adjusted for non-economic factors in each jurisdiction.

The same calculation was performed using 1995:Q3 total non-agricultural data for each county to arrive at the 1995 employment-to-population ratio for 1995. This result was compared to the 1996 employment-to-population ratio to lend historical precedence of decline in the employment-to-population ratio in these counties. The findings support Maryland's exemption request under Section 824 for Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Garrett, Harford, Queen Anne's, and Somerset Counties.

Table III: Employment-to-Population Ratio, Absolute Change 1995-1997, Selected Counties

Jurisdiction	1995 Employment -to- Population Ratio	1996 Employment -to- Population Ratio	1997 Employment -to- Population Ratio	Change in Ratio 1995-1996	Change in Ratio 1996-1997
Calvert	32.4%	34.0%	32.6%		-1.4%
Caroline	42.3%	43.1%	44.4%		
Carroll	42.2%	42.8%	42.3%		-.4
Cecil	36.5%	37.3%	38.0%		
Charles	43.2%	42.3%	42.0%	-1.1%	-.3%
Dorchester	58.7%	59.9%	59.8%		-.1%
Garrett	51.0%	53.2%	51.8%		-1.4%
Harford	40.9%	39.2%	41.8%	-1.7%	
Queen Anne's	34.3%	34.9%	35.3%		
Somerset	32.9%	33.7%	35.1%		
National Average	63%	63%	63%		

Source: Bureau of Labor Statistics and Maryland Office of Planning, U.S. Bureau of the Census.

All of these counties fall below the national average on these measures, with a low of 48 percent below the national average in Calvert County. The average ratio for all ten counties in 1997 is 42 percent compared to the national average of 63 percent.

Lagging and/or Declining Job Growth: In general, the ABAWDs who will be required to work have limited education and skill levels, which restrict their employment opportunities. In order to obtain a more accurate measure of available jobs for this group, target industries have been identified that have a preponderance of low-wage jobs (for example, restaurants and hotels) where ABAWDs may be better able to obtain employment (see *Appendix I* for a list of the target industries). According to the latest available data from the Maryland Department of Labor, Licensing and Regulation, Allegany, Anne Arundel, Baltimore, Carroll, Kent, Prince George's, and Washington Counties are experiencing declining employment in these target industries (see Table IV below).³ Therefore, the State is seeking an exemption under Section 824 for these counties.

**Table IV: Employment Decline in Target Industries
Selected Maryland Counties, 4th Quarter 1997**

Jurisdiction	Employment in Target Industries 1996:Q4	Employment in Target Industries 1997:Q4	# of New Jobs in Target Industries
Allegany	5,112	4,895	-217
Anne Arundel	29,228	29,189	-39
Baltimore	50,617	49,718	-899
Carroll	6,779	6,503	-275
Kent	1,145	1,143	-2
Prince George's	39,410	39,343	-67
Washington	7,203	7,121	-82

LSA
3,500
5,290
3,4
4,6
4,4
4,2

Source: Maryland Department of Human Resources, Maryland Department of Labor, Licensing and Regulation.

³ Target employment data are not seasonally adjusted.

Six additional jurisdictions exhibit job deficits when the employment opportunities are compared to numbers of ABAWDs between the ages of 18 and 50 (see Table V below). In addition, according to the U.S. Bureau of Labor Statistics, Allegany County had an unemployment rate of 9.8% in calendar year 1997 and 8.5 % from January 1998 to July 1998, both of which are higher than the national unemployment rates of 4.7% and 4.5%, respectively (see Table VII on page 8). Based on these job deficits in target industries, the State is seeking an exemption under Section 824 for Allegany, Anne Arundel, Baltimore, Carroll, Cecil, Charles, Dorchester, Kent, Prince George's, Somerset, Talbot, and Washington Counties and Baltimore City.

**Table V: Employment Growth in Target Industries vs. # of ABAWDs
Selected Maryland Counties, 4th Quarter 1997**

Jurisdiction	Employment in Target Industries 1996:Q4	Employment in Target Industries 1997:Q4	# of New Jobs in Target Industries	# ABAWDs (November 1998)	Job Deficit (November 1998)
Allegany	5,112	4,895	-217	219	-436
Anne Arundel	29,228	29,189	-39	175	-214
Baltimore	50,617	49,718	-899	272	-1172
Carroll	6,779	6,503	-275	39	-314
Cecil	2,663	2,726	63	66	-3
Charles	7,638	7,667	29	57	-28
Dorchester	1,041	1,101	60	97	-37
Kent	1,145	1,143	-2	13	-15
Prince George's	39,410	39,343	-67	472	-539
Somerset	492	495	3	105	-102
Talbot	2,789	2,807	18	29	-11
Washington	7,203	7,121	-82	96	-178
Baltimore City	31,506	32,169	663	4,805	-4,142

Source: Maryland Department of Human Resources, Maryland Department of Labor, Licensing and Regulation.

3.9

If the number of TCA recipients who will be required to find work under PRWORA is taken into consideration, Calvert, Caroline, Frederick, Garrett, Queen Anne's, and Wicomico Counties will encounter job deficits (see Table VI). Furthermore, Allegany, Anne Arundel, Baltimore, Carroll, Cecil, Charles, Dorchester, Kent, Prince George's, Somerset, Talbot, and Washington Counties and Baltimore City will experience greater deficits in job opportunities when TCA recipients subject to work requirements are taken into account. Therefore, the State is requesting an exemption under Section 824 for Calvert, Caroline, Frederick, Garrett, Queen Anne's, and Wicomico Counties. Additionally, Wicomico experienced a 6.0% unemployment rate in calendar year 1997 and 5.6% from January 1998 to July 1998, both of which are higher than the national unemployment rates of 4.7% and 4.5% respectively (see Table VII on page 8).

**Table VI: Employment Growth in Target Industries Versus # of ABAWDs
& TCA Recipients Subject to Work Requirement
Selected Maryland Counties, 4th Quarter 1997**

Jurisdiction	# of New Jobs in Target Industries 1997:Q4 versus 1996:Q4	# ABAWDs (November 1998)	Job Deficit (November 1998)	# of TCA Recipients subject to Work Requirement	Job Deficit with TCA work Requirement
Calvert	73	32	41	143	-102
Caroline	22	16	6	77	-71
Fredrick	231	82	149	203	-54
Garrett	92	85	7	120	-113
Queen Anne's	34	14	20	56	-36
Wicomico	220	101	119	451	-332

Source: Maryland Department of Human Resources and Maryland Department of Labor, Licensing and Regulation.

**Table VII: Average Unemployment Rates, 1997 and January-July 1998,
Selected Maryland Counties**

Jurisdiction	Average Unemployment Rate 1997	Average Unemployment Rate Jan. 98-July 98
Allegany County	9.8%	8.5%
Wicomico County	6.0%	5.6%
U.S.	4.7%	4.5%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

12. **Summary of Request for Exemption under Section 824:** Table VIII lists the counties the State is seeking to exempt under Section 824 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193) and the reason(s) for the requested exemption. The State is seeking an exemption for Dorchester, Garrett, and Worcester Counties because of unemployment rates in excess of 10% in calendar year 1997 and from January 1998 to July 1998 for Garrett and Worcester Counties. The State further seeks an exemption under Section 824 for Allegany, Cecil, Kent and Somerset Counties and Annapolis and Baltimore cities because they have been designated as Labor Surplus Areas by the U.S. Department of Labor. The State is also seeking an exemption under Section 824 for Calvert, Caroline Carroll, Charles, Harford, and Queen Anne's Counties because of low and/or declining employment to population ratios. Furthermore, the State is seeking an exemption under Section 824 for Anne Arundel, Baltimore, Prince George's and Washington Counties because of lagging and/or declining job growth in target industries. And the State is seeking an exemption under Section 824 for Frederick, Talbot, and Wicomico Counties because of lagging and/or declining job growth in target industries when the number of cash assistance recipients is taken into account.

Table VIII: Summary Table of Request for Exemption from Section 824

Jurisdiction	Avg. Unemp. Rate Greater than 10%	Labor Surplus Area Designation	Low and/or Declining Employment to Population Ratio	Lagging and/or Declining Job Growth	Job Deficit (Target Ind. Emp) with ABAWD Work Req.	Job Deficit (Target Ind. Emp.) with ABAWD/TCA Work Req.
Allegany		X		X	X	X
Annapolis City		X				
Anne Arundel				X	X	X
Baltimore				X	X	X
Baltimore City		X			X	X
Calvert			X			X
Caroline			X			X
Carroll			X	X	X	X
Cecil		X	X		X	X
Charles			X		X	X
Dorchester	X	X	X		X	X
Frederick						X
Garrett	X	X	X			X
Harford			X			
Kent		X		X	X	X
Prince George's				X	X	X
Queen Anne's			X			X
Somerset		X	X		X	X
Talbot					X	X
Washington				X	X	X
Wicomico						X
Worcester	X	X				

13. **Anticipated impact on households and State agency operations:** Approval of this waiver would mitigate the adverse effects experienced by low-income households in areas with slow job growth by allowing them to continue receiving basic nutritional sustenance through the Food Stamp program. As demonstrated above, many of these households would otherwise face the loss of such basic support because of circumstances beyond their control. Complying with the work requirement of Section 6(o) as amended by Section 824 in an economic environment of slow job growth such as exists in the State of Maryland is not a reasonable expectation.
14. **Anticipated implementation date and time period for which waiver is needed:** Implementation is needed by February 1, 1999 to prevent current Food Stamp recipients from losing access to the program. The waiver is requested for one year, at which time employment and placement data will be reevaluated.
15. **Signature and title of requesting official:**

Robert Everhard
Maryland Department of Human Resources
311 W. Saratoga Street
Baltimore, Maryland 21201
(410) 767-7338
16. **Date of Request:** January 7, 1999